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RESIDENTIAL UTILITY CONSUMER SERVICE

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Janice K. Brewer
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ORIGINAL

Patrick J. Quinn
Director

April 3, 2014

Arizona Corporation Commission

DOCKETED

APR 03 2014

Susan Bitter Smith, Commissioner
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007RECEIVED
2014 APR -3 P 1:12
AZ CORP COMMISSION
DOCKET CONTROLRE: Johnson Utilities, LLC, WS-02987A-13-0477. RUCO's Response to
Commissioner Bitter Smith's Letter Dated March 24, 2014.

Dear Commissioner Bitter Smith:

Thank you for your letter of March 24, 2014. RUCO appreciates the opportunity to respond to your questions and provides the following comments:

- (1) RUCO has reviewed the Arizona Corporation Commission Utilities Division's ("Staff") response to your letter and basically agrees with Staff's responses. RUCO would also remind the Commission that Johnson has a wastewater division that will be part of the sale, and to the extent applicable would respond the same for the wastewater division.
- (2) RUCO would like to ensure that if the Town of Florence agrees to form a citizen's advisory board that it include both the water and wastewater services provided by Johnson.
- (3) In addition, RUCO would like to ensure that the reduction in wastewater rates, as agreed to by RUCO and Johnson Utilities in Docket No. 08-0180, be implemented and made a part of the Town's rates going forward for at least the next 18 months. Johnson Utilities and RUCO reached agreement to reduce the wastewater rates by approximately \$1.02 per month per customer for the wastewater system. This was agreed to as a result of a reduction in Johnson Utilities income tax rate from 36.6 percent to 25 percent. The effect of this agreement is a reduction in annual revenues of approximately

\$286,000 related to the customers on the system at the end of the last test year, and a reduction of approximately \$378,000 in rates based on the number of customers today.

As always, thank you for the opportunity to respond and your consideration.

Sincerely,



Patrick J. Quinn
Director

cc: Service List

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